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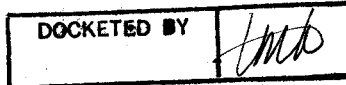
Arizona Corporation Commission

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Comments on proposed revisions of the Retail Electric Competition
 Rules

JUL 06 1998

RE-00000C-94-0165



R14-2-1608 Systems Benefit Charge

As had been suggested in the Unbundling Working Group, language has been inserted that provides for a review of the Systems Benefit Charges every three years. We feel that the periodic review of System benefits Charge programs is important. However, does striking the previous line, preclude a utility from filing for new programs under the Systems Benefits Charges at any time? We feel that it would be important that an Affected Utility be able to file for new programs at any time. Especially, if there are to be any new programs benefiting solar thermal water heating.

Throughout the process of developing the Rules for Electric Competition, the solar industry has been told that, since we are not included in the Solar Portfolio Standard, solar water heating would benefit under the Systems Benefits Charge. However it appears that, unless an Affected Utility decides to develop and implement a program under the SBC, there will be not be any benefits to solar thermal water heating, since there are not currently any Electric Service Providers with SDHW programs. If the removal of the above mentioned line would result in a three year wait for any new programs, we feel that that would be detrimental to the solar industry.

R14-2-1609 Solar Portfolio Standard

We still strongly believe that language should be inserted in the Portfolio Standard to allow the inclusion of solar water heating. This could be accomplished by inserting the phrase "or electricity displaced by solar thermal resources" (or similar language) in section B in the second sentence.

In order to allay the fears of those who feel that the too much of the SPS will be used for solar water heating, we have offered a compromise position. The amount of solar thermal water heating could be limited to 20 or 30 percent. This

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would allow the majority of the SPS for solar electric technologies. Additionally, benefits for solar under the Systems Benefits Charge could be developed to include both solar thermal and distributed photovoltaic systems.

Extra Credit Multipliers

In the past, ARISEIA has opposed anything that would water down the Solar Portfolio Standard. This is exactly what extra credit multipliers do. However we understand that multipliers will, especially in the early years of the SPS, increase compliance and avoid having an Affected Utility simply pay the penalty.

As written, the Early Installation Credit Multiplier extends from 1997 to 2003. Is it necessary for the multiplier to be carried out that long? Even though the multiplier diminishes in the years 2001 to 2003. We would question whether it is and "early installation credit" by that time. Is it necessary for the credit to go on that long?

We recognize the economic benefits that Arizona will receive for solar facilities installed in the state and especially for equipment manufactured in Arizona. However, the question of how we define Arizona content still remains. While we are concerned with anything that will water down the standard, the fact that there is a maximum of 2.0 to limit the amount of an extra credit multiplier will prevent the SPS from being watered down too much.

Penalty Requirement

We support the language that allows the "penalty money" to be used for solar installations for public entities. There are some questions that arise however. The new language seems to imply that each individual ESP will administer the Solar Electric Fund, but how will the Commission assure that these funds are properly spent. Will the fund be used for equipment only, or is administration costs included? Will the solar electric systems installed count towards the providers SPS goal? There needs to be some clarification on exactly how the Solar Electric Fund will be implemented. It would also be a good to include certain non-profit groups in the list of acceptable recipients for the equipment purchased through the fund.